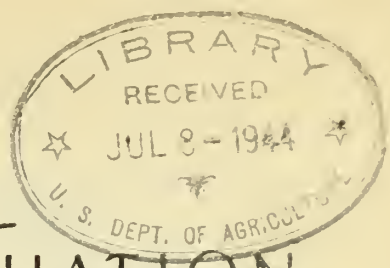


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# THE *Livestock* SITUATION

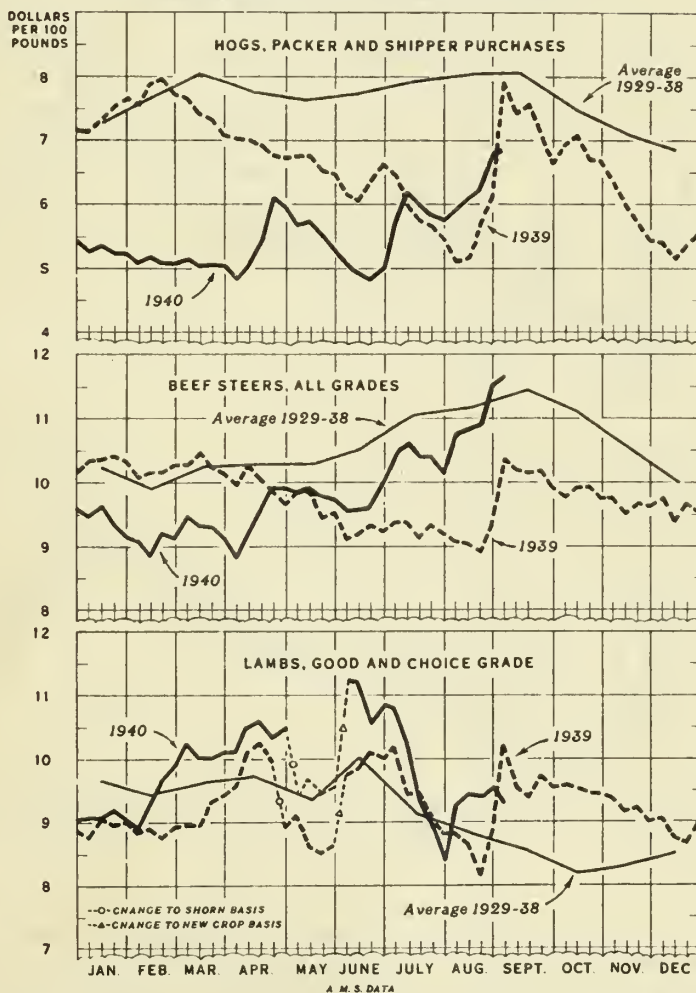
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

LS-15

**BAE**

SEPTEMBER 1940

PRICES OF SLAUGHTER LIVESTOCK AT CHICAGO.  
AVERAGE 1929-38, AND 1939 TO DATE

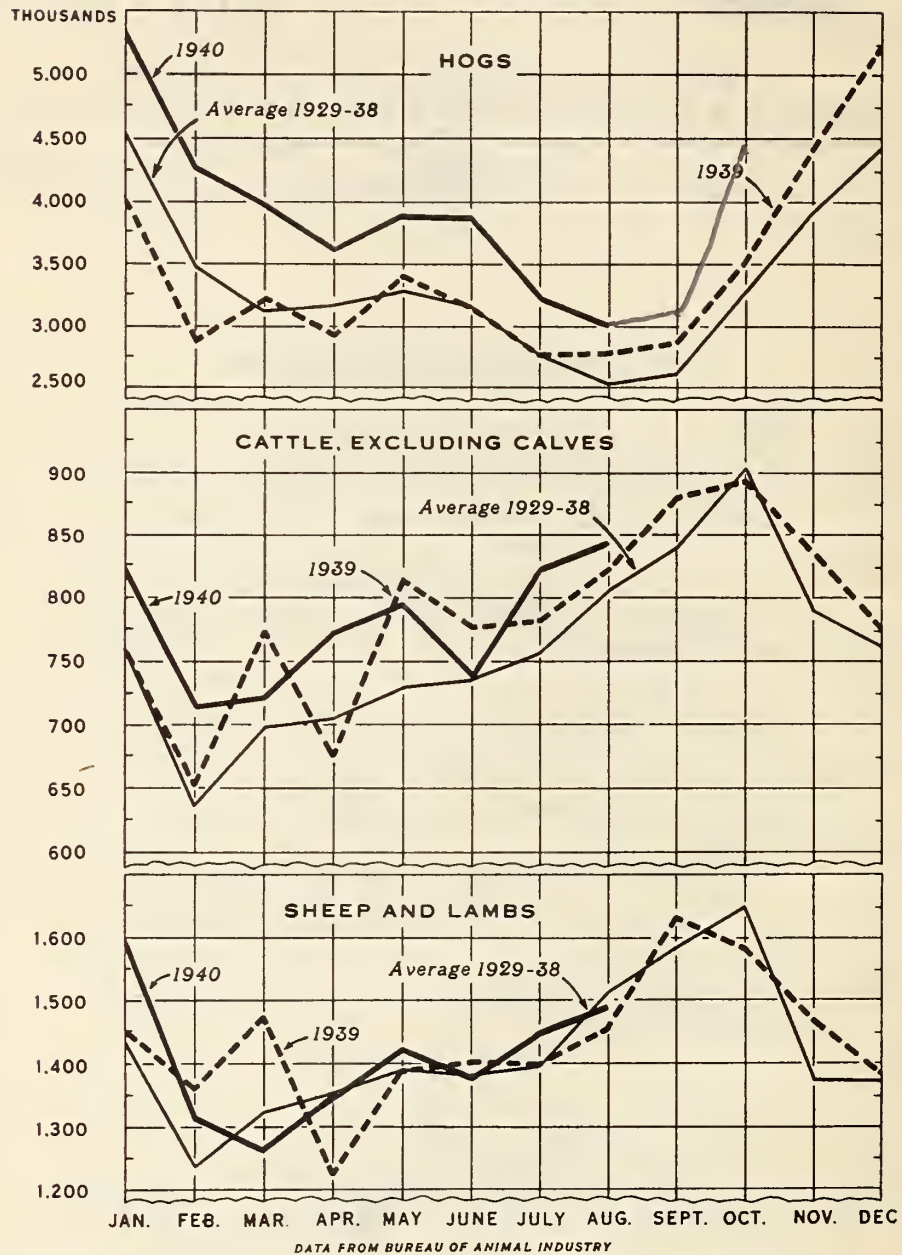


U. S. DEPARTMENT OF AGRICULTURE

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PRICES OF ALL MEAT ANIMALS ADVANCED DURING AUGUST, REFLECTING CHIEFLY THE IMPROVEMENT IN CONSUMER DEMAND FOR MEATS ASSOCIATED WITH COOLER WEATHER DURING THE MONTH AND INCREASED INCOMES OF CONSUMERS. THE GENERAL LEVEL OF HOG PRICES HAS BEEN CONSIDERABLY LOWER THIS YEAR THAN LAST, BUT SINCE MAY THIS YEAR CATTLE PRICES HAVE BEEN MATERIALLY HIGHER THAN A YEAR EARLIER. LAMB PRICES DECLINED MORE THAN THE USUAL SEASONAL AMOUNT DURING JUNE AND JULY THIS YEAR, BUT IN MOST MONTHS OF 1940 THEY HAVE AVERAGED HIGHER THAN IN CORRESPONDING MONTHS OF 1939.

**FEDERALLY INSPECTED SLAUGHTER OF LIVESTOCK, AVERAGE  
1929-38, AND 1939 TO DATE**



U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 1.- HOG SLAUGHTER DECREASED SEASONALLY DURING JULY AND AUGUST, AND IN RELATION TO A YEAR EARLIER IT WAS NOT SO LARGE AS IN PRECEDING MONTHS OF THIS YEAR. HOG SLAUGHTER IN 1941 IS EXPECTED TO BE SMALLER THAN IN CORRESPONDING MONTHS OF 1940. CATTLE SLAUGHTER SO FAR THIS YEAR HAS BEEN A LITTLE LARGER THAN IN THE SAME PERIOD OF LAST YEAR, AND A FURTHER INCREASE MAY OCCUR IN 1941. SHEEP AND LAMB SLAUGHTER MAY BE A LITTLE LARGER THIS FALL THAN LAST, CHIEFLY BECAUSE OF THE 3 PERCENT INCREASE IN THE 1940 LAMB CROP AND THE PROBABILITY THAT A LARGER PROPORTION OF THE CROP WILL BE MARKETING IN SLAUGHTER CONDITION THIS FALL THAN LAST.

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THE LIVESTOCK SITUATION  
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Summary

Although meat production next year will be larger than the average of recent years, slaughter supplies of livestock in 1941 will be smaller than in 1940. A material reduction in hog marketings and a small decrease in supplies of grain-fed cattle are in prospect for the coming year. The decrease in supplies will be accompanied by a stronger consumer demand for meats, and the general level of livestock prices is expected to average higher in 1941 than in the present year; the rise will be more pronounced for hogs than for other species of livestock.

Hog marketings are beginning to increase seasonally, and this increase will continue during the next 3 months as spring pigs begin to be marketed in large volume. With corn prices high in relation to hog prices, many farmers will market spring pigs early, and a larger than usual proportion of the spring crop may be marketed before January 1. This may mean that hog marketings in the first quarter (October-December) of the 1940-41 marketing year will be about as large as in the first quarter of 1939-40. Should this be the case, the seasonal decrease in hog marketings in the second quarter of the year probably will be more pronounced than in 1939-40.

The total slaughter supply of cattle and calves to be marketed during 1941 is not expected to be greatly different from the supply marketed in each of the past 2 years. Some decrease in marketings of grain-fed cattle now seems probable for 1941, but marketings of other cattle and calves probably will be a little larger next year than in 1940. Marketings of grain-fed cattle will continue large during the remainder of 1940, but probably no larger than in the last few months of 1939. The number of cattle on



feed in the Corn Belt on August 1 was 3 percent less than a year earlier, and some reduction in cattle-feeding operations this fall and winter may occur.

Slaughter supplies of sheep and lambs during the remainder of the spring lamb marketing season (to December 1) may be a little larger than a year earlier. The increase in the 1940 lamb crop over that of 1939 may not be fully reflected in increased slaughter. Most of the increase in the crop was in Texas, and a large proportion of Texas lambs usually is held for marketing the following spring as yearlings. Present indications point to the feeding of fewer lambs in the Corn Belt and western feeding areas this fall and winter than were fed last season.

Prices of all livestock advanced during August. Prices of the upper grades of beef cattle continued strong in early September but prices of the lower grades weakened somewhat. Hog prices reached the highest level in nearly a year in late August, but they weakened in early September. Prices of slaughter lambs also declined somewhat after late August. Prices of feeder cattle averaged a little higher in early September than a year earlier, but they were not quite so high in relation to prices of the better grades of slaughter cattle as they were late last summer.

The rise in livestock prices generally in August was due to several factors. The seasonal decrease in hog marketings was important in causing the advance in hogs. The advance in prices of the better grades of cattle also was partly seasonal; prices of such cattle usually advance in the late summer, even though supplies are large, because of the demand from large numbers of people on vacation for the better grades of beef. Cool weather in August this year also stimulated meat consumption and tended to strengthen livestock prices. Increased industrial activity in the past 3 months has increased consumer income, which in turn has been reflected in an improved demand for meats.

## REVIEW OF RECENT DEVELOPMENTS

## HOGS

Hog prices weakened in early  
September following August advance

Hog prices reached the highest level in nearly a year in late August following a steady rise throughout the month. They weakened in early September, but remained well above prices in most previous weeks of 1940. The average price of butcher hogs at Chicago for the week ended September 14 was \$6.85, compared with \$7.30 for the last week in August and \$6.15 for the last week in July, before the August rise began. During most of July and August hog prices were higher than a year earlier for the first time since October 1937. In early September they fell below prices of a year earlier because of the sharp rise that occurred in early September last year following the outbreak of war in Europe.

Corn prices have been fairly steady in recent weeks, and the rise in hog prices during early July and in August has resulted in some improvement in the ratio of hog prices to corn prices. For the week ended September 14 the corn-hog price ratio based on No. 3 Yellow corn and the price of all hogs at Chicago was 9.9. This compares with the very unfavorable ratio of around 7.6 which prevailed during June and the long-time average of about 11.6.

Hog slaughter reduced during  
August

Hog marketings were reduced seasonally during July and August. And hog slaughter in August was not so large in relation to a year earlier as in most previous months of 1940. Federally inspected slaughter for the month totaled 3,045,000 head; about 5 percent less than in July and only 9 percent more than in August last year. For the 6 months (January-June) of 1940 inspected hog slaughter totaled 27 percent larger than in the corresponding period of 1939.

The number and proportion of packing sows in the slaughter decreased during August. This was reflected in some reduction in the average weights of hogs slaughtered. Market reports also indicate that the market movement of the 1940 spring pig crop is getting under way at lighter weights this year than last. Quality and yields of the new crop were reported to be below average.

Storage holdings of pork and  
lard decreased during August

Storage stocks of pork and lard were reduced sharply from August to September 1. On September 1 storage holdings of pork totaled 418 million pounds, 131 million pounds less than on August 1. They remained 57 million pounds larger than on September 1 last year, however. Storage holdings of pork probably will be reduced further during September and October, as they usually reach the low point for the year in the late fall.

Lard stocks on September 1 totaled 273 million pounds. They were 30 million pounds smaller than on August 1 but continued over twice as large as a year earlier. Lard stocks also usually reach the low point for the year in the late fall or early winter.

Storage holdings of pork and lard on the first of the month, average 1934-35 to 1938-39, 1938-39, and current marketing year

| Month | Pork     |          |          | Lard     |          |          |
|-------|----------|----------|----------|----------|----------|----------|
|       | Average  |          |          | Average  |          |          |
|       | 1934-35  | 1938-39  | 1939-40  | 1934-35  | 1938-39  | 1939-40  |
|       | to       |          |          | to       |          |          |
|       | 1938-39  |          |          | 1938-39  |          |          |
|       | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. |
| Oct.  | 344.6    | 277.2    | 300.2    | 87.6     | 89.9     | 78.8     |
| Nov.  | 323.7    | 251.6    | 272.7    | 69.6     | 67.7     | 68.7     |
| Dec.  | 378.9    | 299.1    | 332.3    | 71.8     | 74.5     | 89.0     |
| Jan.  | 502.0    | 430.1    | 469.5    | 95.6     | 107.4    | 162.1    |
| Feb.  | 584.6    | 526.4    | 588.6    | 120.5    | 132.1    | 202.2    |
| Mar.  | 603.7    | 542.1    | 650.7    | 126.7    | 125.3    | 256.6    |
| Apr.  | 580.1    | 523.2    | 652.7    | 129.9    | 129.3    | 268.8    |
| May   | 561.3    | 527.2    | 612.0    | 129.1    | 129.5    | 266.1    |
| June  | 515.7    | 520.3    | 592.6    | 129.4    | 139.3    | 283.9    |
| July  | 474.7    | 496.8    | 598.5    | 130.2    | 148.4    | 306.8    |
| Aug.  | 422.6    | 454.8    | 548.7    | 121.2    | 139.8    | 303.2    |
| Sept. | 361.9    | 360.9    | 1/ 418.0 | 101.8    | 110.4    | 1/ 272.9 |

1/ Preliminary.

#### Lard exports increase sharply in July

Exports of pork during July totaled 3.2 million pounds, slightly more than in June, but less than one-fifth as much as was exported in July last year. Exports of lard, on the other hand, increased materially during July. Shipments abroad for the month totaled 28.2 million pounds. This was over twice as large as exports in June and it was about 11 percent more than was exported in July last year. The July increase in exports of lard over a month earlier is accounted for by shipments of a little over 19 million pounds to the United Kingdom, compared with none a month earlier. These shipments apparently were a part of the 28 million pounds reported to have been purchased by Great Britain in late June.

#### Canadian hog production increased sharply in 1940 1/

Hog production in Canada in 1940 will be the largest on record. The 1940 spring pig crop totaled 5.1 million head, 39 percent more than the 1939 spring crop, and preliminary estimates indicate that the 1940 fall crop

1/ Taken largely from reports of the Office of Foreign Agricultural Relations of the United States Department of Agriculture.



probably will be around 4.5 million head, compared with 3.7 million head last fall. As a result of these increases, total pork production, excluding lard, in Canada during 1940 is expected to reach an all-time record of about 1,035 million pounds, 35 percent more than in 1939 and 48 percent more than in 1938.

The marked increase in Canadian hog production this year and last has resulted from the combined influence of relatively high prices for hogs, ample supplies of feed, and an exceptionally favorable ratio of hog prices to feed prices during most of the past 2 years. Since late last year, hog prices in Canada have been supported by wartime control measures designed to assure the continued supply of considerable quantities of Canadian bacon to the United Kingdom at a fixed schedule of prices. The Anglo-Canadian bacon agreement, concluded late in 1939 (see February 1940 Livestock Situation, pages 16-19), expires October 31, 1940, but arrangements for the period beginning November 1 are now under consideration. The quantity to be taken by Great Britain in coming months probably will be fully as large as before, but the contract price in the new agreement may be lower.

Despite some increase in domestic consumption and exports, Canadian pork production in 1940 now appears to be excessive. Canadian exports to the United Kingdom during the first 7 months (January-July) of 1940 totaled nearly 138 million pounds, somewhat more than the maximum amount agreed upon in the Anglo-Canadian agreement. In addition, during the 7 months, Canada exported about 4.3 million pounds of pork (excluding canned pork and lard) to other countries. At this rate, exports to all countries will total nearly 329 million pounds during 1940. Pork consumption in Canada has increased in the past 2 years, but it is not expected to keep pace with the sharp increase in production during 1940. Even if exports during the year should reach a total as high as 350 million pounds and if imports do not exceed 40 million pounds, the amount remaining for domestic consumption would equal about 725 million pounds. This quantity is greatly in excess of the 579 million pounds consumed in 1939.

The Canadian quota imposed during the latter part of February on imports of fresh and frozen pork from the United States (see March 1940 Livestock Situation, page 6) of 1,626,769 pounds per month, has not been filled since March. It appears that under existing conditions of prices, duty and foreign exchange, there is now little demand from Canada for United States fresh pork. In view of the large domestic supplies of pork products in Canada, exports of hog products from the United States to that country are not expected to increase within the next year or so.

#### CATTLE

##### Cattle prices advanced during August

After declining during most of July, prices of all grades of slaughter cattle advanced during August. In early September prices of the upper grades of slaughter cattle continued steady but prices of the lower grades weakened. The spread between prices of the upper and lower grades has widened considerably

since early June, as is usually the case in the late summer and fall months. The average price of good grade slaughter steers at Chicago for the week ended September 14 was \$11.25, compared with \$10.75 a month earlier and \$9.40 in mid-June. Prices of the upper grades of slaughter steers in early September were around \$1.00-\$1.50 higher than a year earlier, while prices of the lower grades were about the same as in early September last year, or a little lower.

Prices of stocker and feeder cattle have followed the movement of slaughter cattle prices in recent weeks. In early September they were about 50 cents higher than a year earlier, but compared to prices of the better grades of slaughter cattle they were relatively lower. For the week ended September 14 the average price of all weights of feeder steers at Kansas City was about \$8.50, compared with \$8.70 a month earlier and \$8.05 in the corresponding week of 1939.

Cattle slaughter increased seasonally  
during July and August

Slaughter supplies of cattle have increased seasonally since June, and some further increase will take place during September and October as the fall movement of western cattle gets under way. Federally inspected slaughter of cattle during August totaled 842,000 head, about 3 percent more than in July but 14 percent more than in June. Inspected cattle slaughter was only slightly larger than a year earlier during August, and for the first 8 months of 1940 it was a little less than 3 percent greater than in the corresponding period of 1939. The average live and dressed weights of cattle slaughtered have been a little heavier this year than last, however, and the total production of beef under Federal inspection has been nearly 6 percent larger than a year earlier during this period.

Inspected calf slaughter totaling 432,000 head in August was 6 percent smaller than in July but it was 4 percent greater than in August last year. Inspected calf slaughter in the first 8 months of 1940 was only slightly larger than in the corresponding period of 1939.

Cattle imports increased slightly  
in July

Imports of cattle during July totaled 43,000 head, compared with 40,000 head in June and 56,000 head in July last year. The increase in imports during July over a month earlier was mostly in imports of heavy, dutiable cattle from both Canada and Mexico. Most of the 13,000 head decrease in imports from a year earlier was in cattle weighing over 700 pounds from Canada. Imports of such cattle from Mexico also were a little smaller this July than last. So far this year imports of cattle from both Canada and Mexico have been considerably smaller than a year earlier.

Cattle imports from Canada, Mexico, and all countries,  
by weight groups January-July, 1936-40

| Year    | Canada  |       |       |        | Mexico  |       |       |        | All countries |       |       |        |
|---------|---------|-------|-------|--------|---------|-------|-------|--------|---------------|-------|-------|--------|
|         | :Less : | 200-  | 700 : |        | :Less : | 200-  | 700 : |        | :Less :       | 200-  | 700 : |        |
|         | :than : | 699 : | lb. : | All    | :than : | 699 : | lb. : | All    | :than :       | 699 : | lb. : | All    |
|         | : 200 : | lb. : | and : | cattle | : 200 : | lb. : | and : | cattle | : 200 :       | lb. : | and : | cattle |
|         | : 1b. : | lb. : | over: |        | : 1b. : | lb. : | over: |        | : 1b. :       | lb. : | over: |        |
|         | : 1/ :  | 2/ :  | 3/ :  |        | : 1/ :  | 2/ :  | 3/ :  |        | : 1/ :        | 2/ :  | 3/ :  |        |
|         | :Thou-  | Thou- | Thou- | Thou-  | :Thou-  | Thou- | Thou- | Thou-  | :Thou-        | Thou- | Thou- | Thou-  |
|         | :sands  | sands | sands | sands  | :sands  | sands | sands | sands  | :sands        | sands | sands | sands  |
| Jan.- : |         |       |       |        |         |       |       |        |               |       |       |        |
| July :  |         |       |       |        |         |       |       |        |               |       |       |        |
| 1936 :  | 48      | 13    | 119   | 189    | 2       | 107   | 21    | 130    | 50            | 120   | 140   | 319    |
| 1937 :  | 67      | 12    | 109   | 198    | 1       | 135   | 24    | 161    | 69            | 148   | 133   | 360    |
| 1938 :  | 33      | 3     | 27    | 71     | 2       | 165   | 27    | 194    | 35            | 168   | 54    | 266    |
| 1939 :  | 62      | 5     | 111   | 188    | 29      | 285   | 44    | 358    | 91            | 290   | 155   | 547    |
| 1940 :  | 57      | 4     | 63    | 135    | 27      | 222   | 30    | 280    | 84            | 226   | 94    | 415    |

Compiled from reports of the United States Department of Commerce.

1/ Less than 175 pounds prior to 1939.

2/ 175-699 pounds prior to 1939.

3/ Exclusive of cattle imported for dairy purposes.

LAMBS

Lamb prices weakened in  
early September

Lamb prices strengthened considerably during August after an unusually sharp decline in June and July. They weakened again in early September, however, and the average price of good and choice grade slaughter lambs at Chicago for the week ended September 14 was \$9.10, compared with \$9.45 a month earlier and \$9.50 in the corresponding week of 1939. Prices of feeder lambs also advanced during August and then weakened a little in early September. The average price of feeder lambs at Omaha for the week ended September 14 was \$8.52. It was 20 cents higher than a year earlier and also was a little higher in relation to prices of slaughter lambs than in early September last year.

Sheep and lamb slaughter increased  
slightly in August

Marketings of sheep and lambs increased during August. Inspected slaughter for the month totaled 1,489,000 head, 3 percent more than in July and 2 percent more than in August last year. In the first 4 months (May-August) of the 1940 lamb-marketing season inspected sheep and lamb slaughter exceeded that of the corresponding 1939 period by only 1 percent, despite the 3-percent increase in the 1940 lamb crop.



## THE FEED SITUATION

The indicated 1940-41 supply <sup>2/</sup> of feed grains was increased from 113 million tons to 116 million tons from August 1 to September 1. This increase resulted from indicated increases of 49 million bushels in the corn crop, 85 million bushels in the oats crop, 15 million bushels in the barley crop, and 21 million bushels in the grain sorghum crop. A decline of about 4 percent in the number of livestock on farms during 1940 is expected, and the supply per grain-consuming animal unit is .88 ton compared with .86 ton last year and .78 ton for the 1928-32 average. Excluding the corn expected to be sealed or held by the Government on October 1, the supply of feed grains per animal unit would be smaller than the corresponding supply for last year and about the same as for the 1928-32 average. Indications are that the quality of the 1940 corn crop will be somewhat lower than during the past 2 years and the danger of having soft corn is greater.

The 1940 corn supply is now indicated to be around 2,900 million bushels, or more than 250 million bushels below the supply last year. The supply, excluding the quantity of corn which is expected to remain sealed or held on October 1, will probably be below 2,500 million bushels, compared with 2,938 million bushels last year. It was estimated that up to September 9 farmers had paid off their loans on about 61 million bushels of corn, and the Commodity Credit Corporation had disposed of about 29 million bushels, leaving about 468 million bushels sealed or held by the Government. These figures indicate that on October 1, less than 450 million bushels will be under seal or held by the Government.

The Secretary of Agriculture announced on September 12 that no marketing quota would be effective on 1940 corn. September 1 conditions indicated that the 1940-41 supply would be somewhat below the level at which a marketing quota would be effective, which was determined to be 2,930,000,000 bushels. On the basis of present production prospects, if the price of corn on November 15 is below 75 percent of the parity, a loan will be available to eligible producers at 75 percent of parity. On the basis of the August 15 parity price, the loan rate in the commercial corn area would be 61 cents per bushel.

Range feed conditions in the Western States are generally better this fall than last. Ranges were improved in the Eastern Great Plains and the Southwest States by rain during late July and in August. Range conditions are considerably better this year than last in the Dakotas, and Oklahoma has the best fall feed in years. Kansas pastures, ranges, and wheat pastures were greatly improved by the August rains. Fall feed prospects in Texas are also good, except for limited areas. Dry weather continued in western Nebraska, however, and range feed is generally short in that area. West of the Rockies and in Montana and Wyoming range feed is mostly very dry, and there is reported to be some shortage of stock water. Except for Utah the condition of livestock in this area on September 1 was mostly as good as the 1930-39 average for that date, however. Pasture and range conditions in California on September 1 were well above average and much above a year ago.

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<sup>2/</sup> Includes July 1 stocks of oats, June 1 stocks of barley, and prospective October 1 stocks of corn, plus production of four feed grains.



## 1941 OUTLOOK FOR MEAT ANIMALS

Slaughter supplies of livestock in 1941 will be smaller than in 1940. A material reduction in hog marketings and a small decrease in supplies of grain-fed cattle are in prospect. The decrease in supplies will be accompanied by a stronger consumer demand for meats, and the general level of livestock prices is expected to average higher in 1941 than in the present year; the rise will be more pronounced for hogs than for other species of livestock.

Cash income from marketings of meat animals in 1941 probably will be greater than in 1940. Total marketings of cattle and calves and of sheep and lambs are not likely to be greatly different from those of this year, while prices of both cattle and lambs may average a little higher. The decrease in hog marketings in 1941 from 1940 will be less percentage-wise than the advance in hog prices.

The smaller supplies of hogs next year will mean that total meat production in 1941 will be moderately smaller than in 1940, but it will be larger than in 1939 and above average for recent years. Total meat production in 1940 is the largest on record, and per capita production is the largest in more than 10 years.

Livestock numbers on January 1, 1941, on an animal unit basis, will be around 3 or 4 percent less than a year earlier; a decrease in hogs will more than offset an increase in cattle. Cattle numbers probably will increase further in the next few years, while hog numbers may fluctuate around the level of the past 2 years. Under these conditions the trend in total meat production is expected to be moderately upward after 1941. The record production of meats in 1940 may well be exceeded within the next 3 or 4 years. In considering the effects of the probable changes in supplies upon livestock prices, however, it should be recognized that fluctuations in demand (industrial activity and national income) over a period of years have been much greater than fluctuations in supplies.

## HOGS

1940 pig crop reduced

Largely as a result of the unfavorable ratio of hog prices to corn prices which has prevailed since early last fall, the 1940 spring pig crop was curtailed by about 8 percent. The total number of pigs saved during the past spring amounted to 48.0 million head, 4.3 million head less than the 1939 spring crop and 3.6 million head less than the predrought (1929-33) average spring pig crop. Decreases from a year earlier were reported in all regions, but most of the reduction took place in the South Atlantic and South Central States. The only region where hog production is still below the predrought level is the Western Corn Belt.

On the basis of breeding intentions reported by farmers about June 1 and other indications, the number of sows to farrow in the 1940 fall season (June-November) is estimated to be about 12 percent smaller than the number farrowing in the fall of 1939. This reduction in sows will be reflected in

a similar reduction in the 1940 fall pig crop. Present indications are that the fall crop will be about 27.8 million head, compared with 32.0 million head in the fall of 1939. Together, the 1940 spring and fall pig crops are expected to total about 75.8 million head. This is a reduction of 8.5 million head, or about 10 percent, under the 1939 combined spring and fall pig crop.

#### Smaller slaughter supplies of hogs

Slaughter supplies of hogs in the 1940-41 hog-marketing year, which begins October 1, will be materially smaller than the large supply marketed during the current 1939-40 season. On the basis of past relationships, between changes in the size of the pig crop and hog slaughter, the number of hogs slaughtered under Federal inspection in the 1940-41 hog-marketing year is expected to total about 43 million head. This will be a decrease of around 10 percent from the approximately 47.0 million head slaughtered in the current season. Except for this year, however, it will be considerably larger than in any other year since 1933-34, but it will be a little smaller than the 5-year predrought average of 45.4 million head.

Average weights of hogs marketed in the past 3 years have been heavy, but in recent months average weights have been lighter than a year earlier. This tendency for lighter weights may continue well into the 1940-41 marketing year.

#### Seasonal changes in marketings

The usual seasonal increase in hog marketings is now getting under way. With prospects for an unfavorable hog-corn price ratio, many farmers will market spring pigs early, and a larger than usual proportion of the spring crop may be marketed before January 1. This may mean that hog marketings in the first quarter (October-December) of the 1940-41 marketing year will be about as large as in the first quarter of 1939-40. Should this be the case, the seasonal decrease in hog marketings in the second quarter of the year probably will be more pronounced than in 1939-40. Further, because of the expected greater reduction in the 1940 fall pig crop than in the 1940 spring crop, the seasonal increase in marketing during next summer may be very slight. Most of the reduction in hog marketings in 1940-41 from a year earlier will occur after December 1940.

#### Higher hog prices expected in 1940-41

The average price received by farmers for hogs during the 1939-40 hog-marketing year was about \$5.50. Although the slaughter supply of hogs during the season was only a little larger than the predrought average, relatively small exports caused the supply of hog products for domestic consumption to be about the largest on record. With prospects for a substantial reduction in hog supplies in the coming year and further improvement in the domestic consumer demand for meats, present indications are that the level of hog prices in 1940-41 will be materially higher than in 1939-40. Export demand for pork and lard does not promise to be any better, if as good, in

1940-41 as in 1939-40. But since exports have been small in the past few years, further weakness in the export demand for hog products will not constitute an important price-depressing factor. A seasonal decline in hog prices probably will accompany the fall and winter increase in marketings. But storage demand probably will be stronger this fall and winter than last, and hog prices are not likely to drop to levels so low as those reached last winter.

#### BEEF CATTLE

The total slaughter supply of cattle and calves marketed during 1941 is not expected to be greatly different from the supply marketed in each of the past 2 years. A decrease in marketings of grain-fed cattle now seems probable for 1941, but marketings of other cattle and calves probably will be a little larger next year than in 1940. Range feed conditions deteriorated considerably during the late summer this year. But except for limited areas, marketings of cattle this fall from Western States will be no larger than they were last fall.

#### Decrease in cattle feeding

Marketings of grain-fed cattle will continue large during the remainder of 1940, but probably no larger than in the last few months of 1939. Cattle feeding expanded rapidly during the 3 years 1937 to 1939. But the rate of increase began to slow down early this year, and on August 1 the number of cattle on feed in the Corn Belt was 3 percent less than a year earlier. This tendency for cattle feeding to be reduced in recent months reflects both relatively high costs of feeder cattle and feed in the 1939-40 feeding season. Present indications are that corn prices will average higher in 1940-41 than in 1939-40, and prices of feeder cattle are somewhat higher than a year earlier.

#### Prices in 1940-41

Supplies of beef and veal produced during the remainder of 1940 probably will be a little larger than in the corresponding period of last year. But in the first half of 1941 beef supplies may be a little smaller than in the first half of 1940. Domestic consumer demand for meats during the remainder of 1940 and the first part of 1941 is expected to be a little stronger than in the corresponding period a year earlier. It seems likely, therefore, that the general level of cattle prices will be a little higher in 1941 than in 1940.

A wider spread between prices of the better grades of cattle and prices of lower grades is in prospect. In view of the prospects for moderate reduction in marketings of grain-fed cattle, prices of the better grades may average a little higher during the first half of 1941 than they did in the first part of this year. Prices of the lower grades of slaughter cattle, on the other hand, may average a little lower. The spread between prices of the upper and lower grades of slaughter cattle has been relatively narrow during most of the last 2 years, largely because of a strong demand for breeding and feeding cattle and the relatively small proportion of cows and heifers in slaughter supplies. Although the demand for breeding stock probably will continue



strong, some increase in marketings of cows and heifers is expected next year.

Upward trend in cattle numbers to continue

During the period 1934 to 1938 cattle numbers on farms and ranches were reduced sharply, with most of the reduction in the area west of the Mississippi River. Since 1938 cattle numbers have again increased, but in a large section of the Range States considerable restocking is still necessary if herds are to be increased to the 1934 level. During most of 1940 the tendency to hold back breeding stock - as evidenced by the relatively small proportion of cows and heifers in total slaughter - was quite marked. Present indications are that the increase in cattle numbers during 1940 will amount to about 2 million head. This will raise the total number of cattle and calves on farms and ranches on January 1, 1941 to around 70.8 million head, compared with the peak of 74.3 million head for 1934 and the 1938 low point of 66.1 million head. Barring severe drought, the upward trend in cattle numbers probably will continue during the next 2 or 3 years. And it is likely that the 1934 peak will be exceeded before a cyclical downswing in numbers gets under way.

The continued increase in cattle numbers eventually will result in a material increase in marketings and slaughter of cattle. Even if cattle numbers were to be maintained at about the figure expected for 1941 the number of cattle and calves slaughtered each year would be about 26 million head, 10 percent greater than it has been in the last 2 years. And, once the downward trend in cattle numbers gets under way, total slaughter may exceed 28 million head. This would be much the largest slaughter on record.

Thus, over a period of the next 5 years a material increase in the production of beef and veal is probable. If hog slaughter continues near the level of the past 2 years, this will mean a substantial increase in total meat production. Under these conditions, considerable improvement in consumer demand for meats in this country will be necessary if a sharp downward trend in cattle prices is to be avoided.

LAMBS

1940 lamb crop largest on record

The 1940 lamb crop totaled 32,729,000 head. It was 3 percent larger than the 1939 crop and was the largest crop on record. Most of the increase in the 1940 lamb crop over that of 1939 was in Texas, the leading western sheep-producing State. The total crop in the other Western Sheep States was a little smaller this year than last, while in the Native Sheep States the lamb crop was only a little larger than that of last year. The large increase in the Texas lamb crop resulted from an increase in the number of breeding ewes as well as the number of lambs saved per 100 ewes. In the Native Sheep States, however, a marked increase in breeding ewes this year was largely offset by the small number of lambs saved per 100 ewes. Weather conditions were very unfavorable for lambing in the Native Sheep States this past spring.



At this time little information is available as to the probable size of the 1941 lamb crop. However, the total United States lamb crop has not fluctuated greatly during the past 10 years, and no marked change in the 1941 crop from that of 1940 seems likely.

Little change in marketings expected this fall

Slaughter supplies of sheep and lambs during the remainder of the spring lamb marketing season (to December 1) may be a little larger than a year earlier. The increase in the 1940 lamb crop over that of 1939, however, may not be fully reflected in increased slaughter this fall. Most of the increase in the crop was in Texas, and a large proportion of Texas lambs usually are held for marketing the following spring as yearlings. The effect of any increase in marketings over a year earlier upon lamb prices this fall will be offset or more than offset by stronger consumer demand for meats.

Lamb feeding situation

Present indications point to the feeding of fewer lambs in the Corn Belt and in the Western States this fall and winter than were fed last season. Although range conditions deteriorated somewhat in late summer, it is likely that the number of lambs marketed as feeders will be smaller this fall than last. The total supply of feed in the Corn Belt also will be a little smaller than it was last fall and corn prices may be a little higher. Returns from lamb feeding operations were for the most part unfavorable last year, and this also will tend to hold down the number fed in the Corn Belt this fall and winter. Feeding operations in the important Colorado and western Nebraska lamb feeding areas are expected to be reduced this fall and winter because of materially smaller feed production in those areas this year than last. If consumer demand conditions continue to improve, lamb prices during the fed lamb marketing season (December-April) may average a little higher this year than last.

THE WOOL SITUATION 3/

Domestic wool prices in the next several months will be supported by strong demand for wool in this country. But with imports of wool entering the United States in relatively large quantities, prices of wool in the United States during the next several months will depend to a considerable extent on the prices of imported wools. Prices paid for imported wool, in turn, will depend partly upon the quantities of Australian and South African wools released for export and the prices fixed for such wools by the British Government. Relatively large supplies of apparel wool will be available for United States buyers in Argentina and Uruguay.

3/ From the August 1940 issue of The Demand and Price Situation. For detailed information copies of The Wool Situation may be obtained upon request to the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Mill consumption of apparel wool in the United States in late 1940 and early 1941 is expected to be considerably greater than a year earlier, as Government orders are filled for clothing and blankets for military use. Prospects for the manufacture of wool goods for civilian uses for the next several months are rather uncertain. Should a decrease in such consumption from last year's level occur, it probably would be more than offset by the increased volume of manufacture for Government orders.

Mill consumption in the United States in July exceeded that of the corresponding month a year earlier for the first time since last January. Consumption on a scoured basis in the first 7 months of 1940 was 7 percent smaller than in the same months last year.

The supply of wool in all positions in the United States on August 1 is estimated to be about 40 million pounds larger than a year earlier but the supply is small in relation to probable domestic consumption during the next several months. If mill consumption in the remainder of the 1940 season (to April 1, 1941) is to exceed that of the same period a year earlier by a substantial margin, and if stocks at the end of March are to be fairly well maintained, a larger volume of imports of apparel wool will be necessary in the coming 6 or 7 months than was imported in the same months of last season. In the period August 1939 through March 1940 imports of apparel wool totaled about 120 million pounds.

Prices of most grades of domestic wool at Boston in the first week of September were 1 to 4 cents a pound, scoured basis, higher than a month earlier. Principal factors in the price increase were increased buying of domestic wool to fill Government orders for wool goods for military use and the announcement that the British Government will take over the current wool clip of the Union of South Africa. In September 1939 the British Government acquired the Australian and New Zealand wool clips for the duration of the war and one clip thereafter.

## Supplies of hogs and hog products, specified periods

| Item                      | Unit    | July<br>1939 | June<br>1940 | July<br>1940 | Oct.-Sept. |        | Oct.-July |        |        |
|---------------------------|---------|--------------|--------------|--------------|------------|--------|-----------|--------|--------|
|                           |         |              |              |              | Average    |        |           |        |        |
|                           |         |              |              |              | 1928-29    | 1937-  | 1938-     | 1938-  | 1939-  |
|                           |         |              |              |              | to         | 38     | 39        | 39     | 40     |
|                           |         |              |              |              | 1932-33    |        |           |        |        |
| Hog slaughter under :     |         |              |              |              |            |        |           |        |        |
| Federal inspection:       | Thou-   |              |              |              |            |        |           |        |        |
| No. slaughtered <u>1/</u> | sands:  | 2,778        | 3,886        | 3,219        | 46,363     | 34,580 | 39,720    | 34,043 | 41,438 |
| Live weight:              |         |              |              |              |            |        |           |        |        |
| Average .....             | Lb.     | 256          | 241          | 250          | 231        | 234    | 234       | 233    | 234    |
| Total .....               | Mil.lb. | 711          | 938          | 803          | 10,723     | 8,089  | 9,311     | 7,947  | 9,677  |
| Total dressed wt.         | " "     | 534          | 695          | 596          | 8,069      | 6,046  | 6,975     | 5,958  | 7,221  |
| Yield of lard per :       |         |              |              |              |            |        |           |        |        |
| 100 lb. live wt.          |         |              |              |              |            |        |           |        |        |
| of hogs .....             | Lb.     | 13.3         | 13.3         | 13.2         | 15.2       | 12.4   | 13.3      | 13.3   | 13.8   |
| Production of lard:       | Mil.lb. | 94           | 124          | 106          | 1,630      | 1,002  | 1,232     | 1,052  | 1,342  |
| Exports: <u>2/</u>        |         |              |              |              |            |        |           |        |        |
| Pork .....                | " "     | 17           | 3            | 3            | 211        | 89     | 125       | 105    | 107    |
| Lard .....                | " "     | 25           | 13           | 28           | 657        | 208    | 270       | 222    | 212    |
| Imports of pork <u>2/</u> | " "     | 5            | <u>3/</u>    | <u>3/</u>    | 6          | 57     | 50        | 43     | 6      |
| Proportion of sows :      |         |              |              |              |            |        |           |        |        |
| in inspected :            |         |              |              |              |            |        |           |        |        |
| slaughter <u>4/</u> ..... | Pct.    | 60.8         | 55.4         | 60.0         | 51.2       | 49.9   | 49.3      | 47.7   | 48.9   |

Compiled from reports of Agricultural Marketing Service, except as specified.

1/ Bureau of Animal Industry. 2/ United States Department of Commerce. Pork includes bacon, hams, and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard. 3/ Less than 500,000 pounds. 4/ Includes gilts.

## Prices of hogs and hog products, specified periods

| Item                           | Unit      | Aug.<br>1939 | July<br>1940 | Aug.<br>1940 | Oct.-Sept. |       | Oct.-Aug. |       |       |
|--------------------------------|-----------|--------------|--------------|--------------|------------|-------|-----------|-------|-------|
|                                |           |              |              |              | Average    |       |           |       |       |
|                                |           |              |              |              | 1928-29    | 1937- | 1938-     | 1938- | 1939- |
|                                |           |              |              |              | to         | 38    | 39        | 39    | 40    |
|                                |           |              |              |              | 1932-33    |       |           |       |       |
| Av. price, all purchases:      | Dol. per: |              |              |              |            |       |           |       |       |
| Seven markets .....            | 100 lb.   | 5.41         | 5.74         | 6.12         | <u>1/</u>  | 8.33  | 6.85      | 6.82  | 5.47  |
| Chicago .....                  | " "       | 5.52         | 5.92         | 6.21         | 6.99       | 8.47  | 7.00      | 6.97  | 5.62  |
| Av. price of barrows and :     |           |              |              |              |            |       |           |       |       |
| gilts, Chicago .....           | " "       | 6.21         | 6.31         | 6.69         | <u>1/</u>  | 8.76  | 7.23      | 7.18  | 5.78  |
| U. S. average price re-        |           |              |              |              |            |       |           |       |       |
| ceived by farmers .....        | " "       | 5.47         | 5.78         | 5.83         | 6.48       | 8.07  | 6.70      | 6.67  | 5.37  |
| Av. price of No. 3 Yellow:     | Ct. per:  |              |              |              |            |       |           |       |       |
| corn, Chicago .....            | bu.       | 45           | 65           | 66           | 62         | 57    | 49        | 49    | 60    |
| Hog-corn price ratio:          |           |              |              |              |            |       |           |       |       |
| Chicago <u>2/</u> .....        | Bu.       | 12.3         | 9.1          | 9.4          | 11.6       | 14.8  | 14.4      | 14.4  | 9.6   |
| N. Central States .....        | "         | 13.6         | 10.1         | 10.1         | 12.9       | 17.6  | 16.6      | 16.8  | 10.6  |
| Proportion of packing sows     |           |              |              |              |            |       |           |       |       |
| in total packer & shipper:     |           |              |              |              |            |       |           |       |       |
| purchases, 7 markets <u>3/</u> | Pct.      | 35.0         | 29.0         | 28.0         | <u>1/</u>  | 13.0  | 13.0      | 13.0  | 11.7  |
| Av. weight at 7 markets        | Lb.       | 269          | 259          | 254          | <u>1/</u>  | 246   | 247       | 247   | 244   |

Compiled from reports of Agricultural Marketing Service.

1/ Not available. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from weekly averages.



## Slaughter and market supplies of cattle and calves, specified periods

| Item                                | Unit    | Year     |       | Month |       |       |            |
|-------------------------------------|---------|----------|-------|-------|-------|-------|------------|
|                                     |         | Average: | 1939  | 1939  |       | 1940  |            |
|                                     |         | 1924-33: |       | July: | Aug.: | June: | July: Aug. |
| Slaughter under Federal inspection: |         |          |       |       |       |       |            |
| Number slaughtered:                 | Thou-   |          |       |       |       |       |            |
| Cattle 1/                           | sands   | 8,850    | 9,446 | 782   | 823   | 738   | 822 842    |
| Calves 1/                           | "       | 4,819    | 5,264 | 417   | 414   | 437   | 457 432    |
| Cows and heifers 2/                 | "       | 4,181    | 4,446 | 341   | 352   | 297   | 359        |
| Steers 2/                           | "       | 4,340    | 4,588 | 396   | 434   | 403   | 421        |
| Average live weight:                |         |          |       |       |       |       |            |
| Cattle                              | Pounds: | 953      | 943   | 936   | 937   | 937   | 938        |
| Calves                              | "       | 176      | 191   | 201   | 211   | 185   | 198        |
| Total dressed weight:               |         |          |       |       |       |       |            |
| Cattle                              | Mil.lb. | 4,532    | 4,803 | 399   | 421   | 385   | 421        |
| Calves                              | " "     | 487      | 559   | 47    | 48    | 45    | 51         |
| Inspected shipments: 1/             | Thou-   |          |       |       |       |       |            |
| Feeder cattle and calves            | sands   | 2,894    | 3,173 | 210   | 316   | 156   | 249 312    |
| Imports:                            |         |          |       |       |       |       |            |
| Cattle 3/                           | "       | 253      | 764   | 56    | 44    | 40    | 43         |
| Canned beef 4/                      | Mil.lb. | 5/ 36    | 86    | 8     | 8     | 5     | 4          |

Compiled from reports of Agricultural Marketing Service, except as specified.

1/ Bureau of Animal Industry. 2/ Also included in cattle slaughter. 3/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption. 4/ United States Department of Commerce. Imports for consumption. 5/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, August 1940, with comparisons

| Item  | August   |           | Aug. 1938 | Aug. 1939 | June 1940 | July 1940 | Aug. 1940 |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | average: | Aug. 1938 |           |           |           |           |           |
|   | 1924-33: |           |           |           |           |           |           |
| Beef steers sold out of first hands at Chicago: | Dollars  | Dollars   | Dollars   | Dollars   | Dollars   | Dollars   | Dollars   |
| Choice and Prime                                | 11.75    | 11.20     | 9.51      | 10.31     | 10.97     | 11.69     |           |
| Good  | 10.59    | 9.69      | 9.03      | 9.57      | 10.29     | 10.82     |           |
| Medium  | 9.04     | 8.39      | 8.11      | 8.84      | 9.33      | 9.21      |           |
| Common  | 7.20     | 6.98      | 6.61      | 7.69      | 7.59      | 7.27      |           |
| All grades                                      | 10.32    | 10.31     | 9.09      | 9.69      | 10.44     | 11.00     |           |
| Cows, Chicago:                                  |          |           |           |           |           |           |           |
| Good  | 1/7.00   | 6.80      | 6.70      | 7.55      | 7.26      | 7.41      |           |
| Low Cutter and Cutter                           | 2/3.89   | 4.54      | 3/4.70    | 3/5.22    | 3/4.70    | 3/4.86    |           |
| Vealers, Chicago:                               |          |           |           |           |           |           |           |
| Good and Choice                                 | 11.71    | 9.18      | 10.15     | 9.51      | 9.92      | 10.78     |           |
| Stocker and feeder steers, Kansas City:         |          |           |           |           |           |           |           |
| Average price, all weights                      | 4/7.33   | 7.54      | 7.43      | 8.05      | 8.09      | 8.53      |           |
| Average price paid by packers:                  |          |           |           |           |           |           |           |
| All cattle                                      | 7.57     | 7.29      | 7.37      | 8.12      | 8.19      |           |           |
| Steers  | 5/       | 9.12      | 8.56      | 9.30      | 9.78      |           |           |
| Calves  | 8.86     | 7.95      | 8.09      | 8.40      | 8.35      |           |           |

Compiled from reports of Agricultural Marketing Service. 1/ Good and Choice, 1924-27. 2/ Canner and cutter, 1924-June 1926. 3/ Average of Cutter and Common, and Canner. 4/ Average 1925-33. 5/ Not available.



## Supplies of sheep and lambs, specified periods

| Item                                      | Unit        | Year    |        | Month   |       |       |       |       |       |       |
|---|-------------|---------|--------|---------|-------|-------|-------|-------|-------|-------|
|   |             | Av.     |        | 1924-33 |       | 1939  |       | 1940  |       |       |
|   |             | 1924-33 | 1939   | July    | Aug.  | July  | Aug.  | June  | July  | Aug.  |
| <u>Slaughter under Federal inspection</u> |             |         |        |         |       |       |       |       |       |       |
| Sheep and lambs:                          |             |         |        |         |       |       |       |       |       |       |
| Number slaughtered 1/                     | Thou- sands | 14,737  | 17,241 | 1,219   | 1,297 | 1,399 | 1,457 | 1,378 | 1,448 | 1,489 |
| Average live weight                       | Pounds      | 81      | 86     | 76      | 78    | 80    | 82    | 79    | 80    |       |
| Average dressed weight                    | "           | 39      | 40     | 37      | 37    | 38    | 39    | 38    | 38    |       |
| Total dressed weight                      | Mil.lb.     | 569     | 694    | 45      | 48    | 53    | 57    | 52    | 55    |       |
| <u>Lambs and yearlings</u>                | Thou-       |         |        |         |       |       |       |       |       |       |
| Number slaughtered                        | sands       | 13,678  | 16,137 | 1,146   | 1,203 | 1,289 | 1,357 | 1,293 | 1,365 |       |
| Percentage of total:                      |             |         |        |         |       |       |       |       |       |       |
| sheep and lambs                           | Percent     | 92.8    | 93.6   | 93.9    | 92.6  | 92.2  | 93.1  | 93.8  | 94.3  |       |

Compiled from reports of Agricultural Marketing Service, except as specified.  
1/ Bureau of Animal Industry.

Prices per 100 pounds of sheep and lambs, by months, June-Aug. 1938-40

| Item                               | 1938 |      |      | 1939 |      |      | 1940  |      |      |
|------------------------------------|------|------|------|------|------|------|-------|------|------|
|                                    | June | July | Aug. | June | July | Aug. | June  | July | Aug. |
| Slaughter lambs, Chicago:          | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol.  | Dol. | Dol. |
| Good and choice 1/                 | 9.30 | 9.10 | 8.46 | 9.94 | 9.56 | 8.66 | 10.94 | 9.49 | 9.40 |
| Slaughter ewes, Chicago:           |      |      |      |      |      |      |       |      |      |
| Common and medium                  | 2.59 | 2.54 | 2.62 | 2.14 | 2.27 | 2.25 | 3.00  | 2.26 | 2.18 |
| Feeding lambs, Omaha:              |      |      |      |      |      |      |       |      |      |
| Good and choice ..                 | 6.97 | 7.34 | 7.32 | ---  | 8.09 | 7.76 | 8.77  | 8.27 | 8.39 |
| Average price paid by packers:     |      |      |      |      |      |      |       |      |      |
| Sheep and lambs ..                 | 7.77 | 7.95 | 7.62 | 8.69 | 8.35 | 7.69 | 9.17  | 8.73 |      |
| Average price received by farmers: |      |      |      |      |      |      |       |      |      |
| Sheep .....                        | 3.43 | 3.46 | 3.40 | 3.67 | 3.66 | 3.59 | 3.81  | 3.50 | 3.60 |
| Lambs .....                        | 6.84 | 6.84 | 6.59 | 7.49 | 7.31 | 6.94 | 8.12  | 7.85 | 7.52 |

Compiled from reports of Agricultural Marketing Service. 1/ Lots averaging within top half of good grade.

Index numbers of income of industrial workers, and cash  
income from meat animals, specified periods

| Item                               | :Calendar year: Jan.-July | : July | : June: | : July |             |         |             |
|------------------------------------|---------------------------|--------|---------|--------|-------------|---------|-------------|
|                                    | : 1938                    | :1939  | :1939   | :1940  | : 1939      | : 1940: | :1940       |
| Income of industrial workers       | :                         |        |         |        |             |         |             |
| (1924-29 = 100) .....              | 73                        | 83     | 78      | 89     | 80          | 89      | <u>1/91</u> |
| Cash farm income from meat animals | :                         |        |         |        |             |         |             |
| (1924-29 = 100) 2/ .....           | 78                        | 81     | 80      | 84     | <u>2/75</u> | 79      | <u>1/86</u> |
| 1/ Preliminary. 2/ Revised.        |                           |        |         |        |             |         |             |

